

Message Text

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USDOC WASHDC

INFO AMEMBASSY BELGRADE

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: PFOR ETRD BCOM OVIP US PL

SUBJECT: JOINT U.S.-POLISH TRADE COMMISSION,

THIRD SESSION: WRAP-UP REPORT

STATE PASS TREASURY, STR, AGRICULTURE

VIENNA FOR EWTC

MOSCOW FOR SECRETARY DENT

1. SUMMARY: DURING THE THIRD SESSION OF THE US-POLISH JOINT TRADE COMMISSION, THE U.S. AND POLISH DELEGATIONS REVIEWED THE PROGRESS MADE IN TRADE RELATIONS SINCE THE ESTABLISHMENT OF THE COMMISSION IN JUNE, 1972. IN PLENARY SESSIONS AND WORKING GROUPS, THE DELEGATIONS DISCUSSED, AMONG OTHER TOPICS: INDUSTRIAL COOPERATION, INCLUDING JOINT
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VENTURES; BUSINESS FACILITIES; MARITIME MATTERS;

AND AGRICULTURAL QUESTIONS. OUTSIDE THE FRAMEWORK OF THE JOINT COMMISSION, SECRETARY DENT AND OTHER MEMBERS OF THE DELEGATION MET WITH PRIME MINISTER PIOTR JAROSZEWICZ AND MINISTER OF HEAVY INDUSTRY WLODZIMIERZ LEJCZAK; THESE MEETINGS WILL BE REPORTED SEPARATELY. THE COMMISSION SESSION OVERALL WAS CONSTRUCTIVE AND SERVED TO CLARIFY FURTHER THE DIFFICULTIES STILL EXISTING IN POLISH-US TRADE RELATIONS. ALL THE TALKS WERE FRANK AND CONDUCTED IN A MOST FRIENDLY ATMOSPHERE. END SUMMARY.

2. DURING THE FIRST PLENARY SESSION, IT WAS AGREED BY THE CO-CHAIRMEN, SECRETARY OF COMMERCE FREDERICK B. DENT AND MINISTER OF FOREIGN TRADE TADEUSZ OLECHOWSKI, TO DIVIDE THE DELEGATIONS INTO THREE WORKING GROUPS WHICH CONCENTRATED ON THE FOLLOWING MAIN TOPICS:

A) COMMERCIAL RELATIONS: JOINT VENTURES AND INDUSTRIAL COOPERATION; MARITIME AFFAIRS; US NTB NOTIFICATIONS TO GATT REGARDING POLAND; THE QUESTION OF A LONG TERM US-POLISH AGREEMENT ON INDUSTRIAL, SCIENTIFIC, AND ECONOMIC COOPERATION.

B) BUSINESS FACILITIES: PROBLEMS CONFRONTING US FIRMS ACCREDITED FOR OFFICES IN POLAND, INCLUDING COSTS, EXCHANGE RATES, AND TAXATION; THE POLISH DESIRE TO OPEN A BRANCH OFFICE OF THE CHAMBER OF FOREIGN TRADE IN SAN FRANCISCO AND TO OBTAIN FOR ALL OFFICIALS AT THE NEW YORK OFFICE OF THE POLISH COMMERCIAL COUNSELOR THE SAME PRIVILEGES AS THOSE TO WHICH THEY WOULD BE ENTITLED IF THEY WERE ASSIGNED TO THE COMMERCIAL SECTION OF THE POLISH EMBASSY IN WASHINGTON.

C) AGRICULTURAL AFFAIRS: CCC CREDITS; THE QUESTION OF A LONG-TERM AGREEMENT ON AGRICULTURAL TRADE. EACH WORKING GROUP PRODUCED AN AGREED REPORT. ON SEPTEMBER 27, THE COMMISSION CO-CHAIRMEN SIGNED AN AGREED MINUTE SUMMARIZING COMMISSION'S WORK AND APPROVING THE MARCH 7, 1973, REPORT OF THE WORKING GROUP ON BUSINESS FACILITIES. THE COMMISSION DECIDED LIMITED OFFICIAL USE

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TO HOLD ITS NEXT (FOURTH) SESSION IN WASHINGTON IN 1974.

3. WORKING GROUP ON COMMERCIAL RELATIONS (CHAIRMEN: ASSISTANT SECRETARY OF STATE WILLIS ARMSTRONG AND VICE MINISTER OF FOREIGN TRADE WLODZIMIERZ WISNIEWSKI):

A) JOINT VENTURES AND INDUSTRIAL COOPERATION:
POLISH SIDE STATED THAT INTEREST IN JOINT VENTURES STEMMED

FROM ABANDONMENT OF POLICY OF AUTARCHY AND NEED FOR
ADVANCED TECHNOLOGY TO MODERNIZE POLISH INDUSTRY.
POLISH SIDE STRESSED ITS VIEW OF JOINT VENTURES AS
LONG-TERM, STABLE PARTNERSHIPS SERVING BOTH POLISH
DOMESTIC MARKET AND EXPORT MARKETS IN FREE-CURRENCY
AREAS. REGULATIONS TO BE ISSUED BEFORE END OF 1973
WILL PERMIT HANDLING OF JOINT VENTURE PROPOSALS ON
CASE-BY-CASE BASIS AND WILL INCLUDE PROVISION FOR
TRANSFER OF PROFITS. JOINT VENTURES SEEM MOST
PROMISING IN MACHINE, CHEMICAL, AND HEAVY INDUSTRIES.
US SIDE EXPRESSED KEEN INTEREST IN POLISH REGULATIONS
AND NOTED INTEREST OF SEVERAL US COMPANIES IN EXPLORING
JOINT VENTURES WITH POLAND. US SIDE STRESSED THAT TAX
LIABILITY, EXCHANGE FACILITIES, AND OTHER BUSINESS
ARRANGEMENTS WOULD BE MAJOR CONSIDERATIONS FOR US
FIRMS CONTEMPLATING JOINT VENTURES IN POLAND. BOTH
SIDES AGREED THAT INDUSTRIAL COOPERATION CAN BE
EXPEDITED THROUGH IMPROVED BUSINESS FACILITIES.

B) MARITIME AFFAIRS: NOTES WERE EXCHANGED
GIVING POLISH COMMERCIAL VESSELS ACCESS TO US PORTS
ON FOUR DAYS' REQUEST AND ASSURING ACCESS OF U.S. SHIPS
TO POLISH PORTS ON NO LESS FAVORABLE BASIS. POLISH
SIDE COMPLAINED THAT REQUIREMENT THAT 50 PERCENT OF AMERICAN
EXPORTS TO POLAND FINANCED BY EXIMBANK BE CARRIED IN
AMERICAN SHIPS WORKED SPECIAL HARDSHIP ON POLAND,
ESPECIALLY SINCE NO US SHIPPING LINE SERVED POLAND
ON REGULAR SCHEDULE. US SIDE STRESSED RARITY OF
EXCEPTION TO 50-50 RULE, BUT AGREED TO LOOK INTO
MATTER. IT WAS ALSO AGREED THAT BILATERAL CONSULTATION,
INCLUDING EXAMINATION OF A POSSIBLE AGREEMENT, ON
SHIPPING MATTERS, WOULD TAKE PLACE BEFORE THE END
OF 1973.

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C) LONG-TERM AGREEMENT ON INDUSTRIAL, SCIENTIFIC, AND ECONOMIC COOPERATION: POLISH SIDE STATED THAT ITS PROPOSED TEN-YEAR AGREEMENT WAS SOUGHT CHIEFLY AS A "GREEN LIGHT" TO ENCOURAGE FIRMS WHICH MIGHT OTHERWISE HOLD BACK AFTER YEARS OF INACTIVITY. US SIDE NOTED THAT TRADE WITH EASTERN EUROPE WAS NOW QUITE POPULAR, BUT ADDED THAT THERE WAS NO OBJECTION IN PRINCIPLE TO CONCLUSION OF AN AGREEMENT. US SIDE PROPOSED RETURNING TO THIS QUESTION ADZER CLARIFICATION OF JOINT-VENTURE REGULATIONS.

D) GATT NTB NOTIFICATIONS: US SIDE NOTIFIED POLES OF WITHDRAWAL OF TWO U.S. NOTIFICATIONS MADE TO GATT IN 1968 REGARDING POLISH MARKEGINT PRACTICES AND BILATERAL TRADE BALANCING.

E) POLISH CONCERN OVER TRADE BILL: POLES SAID THEY WERE CONFUSED ABOUT JACKSON AMENDMENT TO TRADE BILL
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AND ANY POSSIBLE EFFECT IT MIGHT HAVE ON POLAND'S MFN YXATUS IN TRADE WITH U.S. US SIDE DESCRIBED LINE-UP OF VARIOUS POLITICAL FORCES RELATIVE TO TRADE BILL, ESPECIALLY TITLE V, AND REAFFIRMED ADMINISTRATION'S CONTINUED ADHERANCE TO POLICY OF LAYING FIRMER BASIS FOR EXPANDED TRADE WITH SOCIALIST COUNTRIES. AFTER FORMAL MEETINGS, MINISTER OLECHOWSKI HAD PRIVATE SESSION WITH SECRETARY DENT, AMBASSADOR, ARMSTRONG,

AND LAZARUS ON IMPLICATIONS OF HOUSE WAYS AND MEANS COMMITTEE AND SEPTEMBER 26 VOTE. LATER, SECRETARY DENT ADVISED OLECHOWSKI OF SEPTEMBER 27 VOTE EXEMPTING POLAND. THIS WAS MOST TIMELY.

F) COTTON TEXTILE AGREEMENT: IT WAS AGREED TO

BEGIN TALKS ON THIS SUBJECT IN GENEVA OCTOBER 9.

4. WORKING GROUP ON BUSINESS FACILITIES (CHAIRMEN: DEPUTY ASSISTANT SECRETARY OF COMMERCE STEVEN LAZARUS AND DIRECTOR STANISLAW STRUS, MINISTRY OF FOREIGN TRADE):

A) ADDENDA TO MARCH REPORT: AFTER DISCUSSION WITH POLISH SIDE, US SIDE PREPARED ADDENDA TO MARCH 7 REPORT OF WORKING GROUP ON BUSINESS FACILIZES. IT WAS AGREED THAT THE U.S. SIDE WOULD PUBLISH THE ADDENDA UNILATERALLY WITH THE REPORT. THE ADDENDA DEAL WITH THE FOLLOWING TOPICS: PJMNCIPLES FOR ACCREDITATION OF BANKING REPRESENTATION; CONSTRUCTION OF WARSAW INTERNATIONAL TRADE CENTER COMPLEX; PROCEDURES FOR OBTAINING TELEPHONE AND TELEX LINES; RECRUITMENT AND EMPLOYMENT OF POLISH NATIONALS; AND TAX TREATMENT OF US OFFICES. SPECIFICALLY, POLISH SIDE CONFIRMED THAT TEMPORARY BAN ON ADVERTISEMENTS FOR EMPLOYEES HAD BEEN IMPOSED, FOR DOMESTIC AND FOREIGN ENTERPRISES ALIKE, AND WOULD ENDURE UNTIL END OF 1973.

A) OUR SIDE ALSO DESCRIBED NEW DRAFT TAC REGULATIONS WHICH WOULD, AMONG OTHER THINGS, ELIMINATE TURNOVER TAX AND IMPOSE TAX AMOUNTING TO TWO AND ONE-HALF PER CENT OF SALES ON BOTH COMMERCIALSYND TECHNICAL OFFICES.

B) COSTS: POLISH SIDE AGREED TO EXAMINE LIMITED OFFICIAL USE

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QUESTION OF USING LOCALLY GENERATED ZLOTYS FOR PAYMENT OF RENT. POLISH SIDE ALSO AGREED TO EXAMINE POSSIBILITY OF REDUCING EXIT FEE FOR POLISH EMPLOYEES OF U.S. OFFIKDS IN POLAND.

C) SAN FRANCISCO: U.S. SIDE NOTIFIED POLISH SIDE OF APPROVAL OF REQUEST FOR ESTABLISHMENT OF BRANCH OFFICE OF POLISH CHAMBER OF FOREIGN TRADE IN SAN FRANCISCO, NOTING IT HAD ASSOCIATED THIS QUESTION WITH BROADER ISSUES OF BUSINESS FACILITATION.

5. WORKING GROUP ON AGRICULTURAL MATTERS (CHAIRMEN: LAUREL MEADE, EXPORT SALES, USDA, AND ZBIGNIEW BIDZINSKI, FINANCE DEPARTMENT, MINISTRY OF FOREIGN TRADE): POLISH SIDE RAISED QUESTIONS OF CCC CREDIT AVAIL-

ABILITY AND LONG-TERM COMMODITY PURCHASES AGREEMENT.
US SIDE RESPONDED THAT WHILE CCC CREDIT TEMPORARILY
SUSPENDED, REACTIVATION WAS UNDER STUDY BY INTERAGENCY
GROUP AND THAT LONG-TERM AGREEMENT WAS INAPPROPRIATE
UNDER PRESENT SUPPLY-DEMAND SITUATION. POLISH SIDE
EXPRESSED HOPE THAT NEGOTIATION OF LONG-TERM AGREEMENT
MAY BE POSSIBLE IN NEAR FUTURE.
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